

ZALE CORP  
Form 4  
January 04, 2008

**FORM 4**

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person \*  
Breedon Capital Management LLC

(Last) (First) (Middle)  
100 NORTHFIELD STREET  
(Street)  
GREENWICH, CT 06830  
(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol  
ZALE CORP [ZLC]

3. Date of Earliest Transaction  
(Month/Day/Year)  
12/28/2007

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

\_\_\_ Director \_\_\_X\_\_\_ 10% Owner  
\_\_\_ Officer (give title below) \_\_\_ Other (specify below)

6. Individual or Joint/Group Filing(Check Applicable Line)  
\_X\_ Form filed by One Reporting Person  
\_\_\_ Form filed by More than One Reporting Person

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Ownership (Instr. 4)
				Code V Amount (A) or (D) Price			
Common Stock	12/28/2007		P	1,324,159 A \$ 15.6615	7,269,157	I (1) (2) (3) (4)	See footnote (1) (2) (3) (4)

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)**

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1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)	8. Price of Derivative Security (Instr. 5)	9. Number of Derivative Securities Owned Following Transaction (Instr. 6)
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## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Breeden Capital Management LLC 100 NORTHFIELD STREET GREENWICH, CT 06830		X		

## Signatures

/s/ Richard C. Breeden ? See signatures included in Exhibit 99.1 01/04/2008

\_\_Signature of Reporting Person
Date

## Explanation of Responses:

- \* If the form is filed by more than one reporting person, see Instruction 4(b)(v).
  - \*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) Breeden Capital Management LLC provides investment advisory and investment management services to Breeden Partners L.P. (which beneficially owns directly 1,393,377 shares after acquiring 291,652 shares on 12/28/07), Breeden Partners (California) L.P. (which beneficially owns directly 4,459,829 shares after acquiring 698,418 shares on 12/28/07), Breeden Partners Holdco Ltd. (which beneficially owns directly 1,415,951 shares after acquiring 334,089 shares on 12/28/07) and Breeden Partners (Cayman) Ltd. (which beneficially owns indirectly 1,415,951 shares after acquiring 334,089 shares on 12/28/07) (the "Funds") and, among other things, exercises all voting and other powers and privileges attributable to any securities held for the accounts of the Funds. Breeden Capital Management LLC may be deemed to beneficially own the shares of common stock owned by the Funds; however, it disclaims beneficial ownership of such shares except to the extent of its pecuniary interest therein.
  - (2) Breeden Capital Partners LLC is the general partner of Breeden Partners L.P. and Breeden Partners (California) L.P. and, as such, may be deemed to beneficially own the shares of common stock owned by the Breeden Partners L.P. and Breeden Partners (California) L.P.; however it disclaims beneficial ownership of such shares except to the extent of its pecuniary interest therein.
  - (3) Breeden Partners (Cayman) Ltd., a Cayman Islands exempt limited company, is the feeder fund for Breeden Partners Holdco Ltd and, as such, may be deemed to beneficially own the shares of common stock owned by Breeden Partners Holdco Ltd; however, it disclaims beneficial ownership of such shares except to the extent of its pecuniary interest therein.
  - (4) Richard C. Breeden is the managing member of Breeden Capital Partners LLC, managing member and chairman and chief executive of Breeden Capital Management LLC and the Key Principal of Breeden Partners (Cayman) Ltd, and, as such, may be deemed to be the beneficial owner of the shares of common stock owned by the Funds; however, he disclaims beneficial ownership of such shares except to the extent of his pecuniary interest therein.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure.

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